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93-253

FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON, D.C. 20554

DOCKET FILE COPY ORIGINAL

May 12, 1994

RECEIVED

IN REPLY REFER TO:

JUN 17 1994

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

Honorable Phil Gramm  
United States Senator  
2323 Bryan Street, #1500  
Dallas, Texas 75201

Dear Senator Gramm:

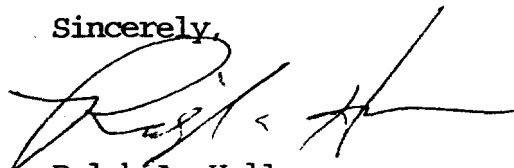
This is in reply to your letter of March 29, 1994, on behalf of your constituent Mr. Melvin Munn, Cellular Operations Manager of People's Cellular. Mr. Munn is concerned about the opportunity of rural telephone companies in Texas to participate in the spectrum auction process of the personal communications services (PCS) under the provisions of the Omnibus Budget Reconciliation Act of 1993 (OBRA), and recommended a number of measures for the Commission to consider. Your letter was referred to me as Chief of the Personal Communications Systems Task Force.

On March 8, 1994, the Commission adopted a Second Report and Order in Docket No. 93-253. That proceeding established a general menu of tools designed to assist those entities, including rural telephone companies, identified by Congress as requiring special consideration by the Commission (the "designated entities"). I am pleased to note that the Commission has adopted several of the proposals advocated by Mr. Munn.

The Commission, for example, adopted bidding credits and installment payments for use by designated entities, both of which were suggested by Mr. Munn. Moreover, the Commission will require full payment of a winning bid within five business days following award of a license, the grant of which will be conditioned on this payment, which again is in keeping with Mr. Munn's recommendations. The Commission also defined a rural telephone company, for the purposes of this proceeding, as a telephone company having no more than 50,000 access lines, and serving communities with a population of no more than 10,000.

We are confident that the measures the Commission has adopted will help enable rural telephone companies in Texas to participate in the personal communications services marketplace and deliver PCS to their customers. The Commission shares your commitment to the provision of equal and universal access of communications services to all Americans no matter where they live.

Sincerely,



Ralph A. Haller  
Chief, PCS Task Force

No. of Copies rec'd  
List ABCDE

At 1

Phil Gramm  
Texas

United States Senate

MEMORANDUM

cc: *Author*  
*Cellular*  
*1525*

Date: 3-29-94

Federal Communications Commission  
Office of Congressional Affairs  
1919 "M" Street, NW  
Washington, D.C. 20554

A constituent has sent the enclosed communication. A response which addresses his/her concerns would be appreciated.

Please send your response, together with the constituent's correspondence, to the following address:

Office of Senator Phil Gramm  
2323 Bryan Street, #1500  
Dallas, Texas 75201

Attn: Christy Thompson

*Patricia Robinson*  
*State*



P.O. Box 1206  
QUITMAN, TEXAS 75783  
(903) 878-2197 FAX (903) 878-2433

January 20, 1994

The Honorable Phil Gramm  
370 Russell Senate Office Bldg  
Washington, D.C. 20510

Dear Senator Gramm:

I am writing to you on behalf of Texas RSA 7B3, Inc. d.b.a. Peoples Cellular regarding the competitive bidding and personal communications service (PCS) dockets currently pending before the Federal Communications Commissions (FCC). Personal communications is an advanced wireless telecommunications service that will allow a person to be reached anytime, anywhere. I urge you to take action to ensure that rural Texas is not inadvertently disadvantaged or left behind in the development of telecommunications infrastructure. In this regard, it is critical that the new rules which the FCC ultimately adopts to auction PCS and other new telecommunications services encourage participation by the rural telecommunications providers who have demonstrated a continued commitment to providing rural Texas with advanced telecommunications.

Our experience building cellular networks in rural Texas demonstrates the ability of small, rural telephone companies to quickly provide new advanced technological service to rural areas. In just four years, following the issuance of the first rural service area (RSA) authorization, cellular service has been implemented in each of the RSAs in Texas. Peoples Cellular which is affiliated with Peoples Telephone Cooperative, Inc. is committed to providing your constituents with new and advanced telecommunication services. Your constituents must not be overlooked when determining the method used to allocate PCS licenses.

The FCC's auction authority, outlined in the Omnibus Budget Reconciliation Act of 1993, includes guidelines for the FCC to design the auction so that rural telephone companies can participate effectively and independently for licenses. Congress specifically mandated that the FCC award licenses for new technologies, including PCS, in a manner that promotes the following objectives:

- 1) the development and rapid deployment of new technologies, products, and services for the benefit of the public, including those residing in rural areas, without administrative or judicial delays; and

2) the promotion of accessibility of new technology to the public by avoiding excessive concentration of licenses and by disseminating licenses among a wide variety of applicants, including small businesses, rural telephone companies, and businesses owned by members of minority groups and women.

To maximize benefits to consumers and encourage the participation of all rural telephone companies, we would like you to tell the FCC to design the auction rules in a manner that will give rural telephone companies a meaningful opportunity to participate in the auction process.

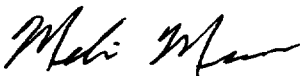
Participation by rural telecommunications companies would produce new job opportunities and an expanded infrastructure in rural areas each of which benefit your constituents. Additionally, participation in auctions by a larger number of companies would likely yield higher revenues and allow for a greater reduction in the federal deficit.

Please tell the FCC to adopt measures that will ensure the participation of rural telecommunications providers so that your constituents will be assured of receiving these advanced telecommunications services.

We have enclosed a suggested letter which you could send to the Chairman of the FCC to help us in our efforts. Additionally, if you could call the FCC and let them know that you support us in our efforts, we would appreciate it greatly.

I welcome the opportunity to further discuss these issues with you and your staff.

Respectfully,



Melvin Munn  
Manager - Cellular Operations

enc

SUGGESTED LETTER FOR CONGRESS TO SEND TO FCC

January 25, 1994

Chairman Reed Hundt  
Federal Communications Commission  
1919 M Street, N.W.  
Room 814  
Washington, D.C. 20554

Ex Parte

Re: PP Docket No. 93-253  
General Docket 90-314

Dear Commissioner Hundt:

I am writing to you regarding the competitive bidding and personal communications services (PCS) dockets currently pending before the Commission. I would like you and the Commission to take action to ensure that rural America is not inadvertently disadvantaged or left behind in the development of telecommunications infrastructure. In this regard, it is critical that the rules which the Commission ultimately adopts to license PCS and other new technologies encourage participation by the rural telecommunications providers who have demonstrated a continued commitment of providing rural America with advanced telecommunications services.

The ability of small, rural telephone companies to quickly provide new advanced technological service to rural areas has been ably demonstrated by rural telephone companies that provide cellular service in rural and small markets. In just four years, following the issuance of the first rural service area authorization, cellular service has been implemented in each of the 428 RSAs. The commitment made by these rural telephone company affiliated cellular service providers to provide their local subscribers with new and advanced telecommunications services must not be overlooked when determining the method used to allocate PCS licenses.

As you are aware, the Congress enacted and the President signed the Omnibus Budget Reconciliation Act of 1993. The FCC's auction authority, outlined in the legislation, includes guidelines to the Commission to design the auction so that rural telephone companies, small businesses, and minority and female-owned enterprises can participate effectively and independently for

licenses to operate PCS and other new telecommunications services. I believe that the measures set forth below concerning rural telephone companies are consistent and within the realm of Congress' mandate.

- Only open oral (including real time electronic) bidding should be permitted in order to promote an open fair process.
- Smaller bands of spectrum should be auctioned first. Within each block, areas should be from least to most population.
- Combinatorial bidding should not be permitted. If permitted, sealed bidders should not be permitted to participate in the oral bidding for the individual licenses.
- Minimum bids are unnecessary because they artificially limit participation of potential service providers.
- Full payment from all bidders except "designated entities" (i.e., rural telcos, small businesses, minorities, and women) should be a condition to receiving the license.
- A rural telephone company should be defined as one serving fewer than 50,000 access lines or alternatively, as a rural telco that serves communities with populations under 10,000.
- A rural telephone company should be eligible for designated entity preferences for licenses in all areas, both inside and outside of their telephone service areas.
- With regard to PCS, rural telcos should be eligible to bid for the channel blocks set aside for designated entity groups. Rural telcos that lose the bid for the set aside blocks should be permitted to apply to partition the license area prior to construction by the successful bidder.
- Designated groups should be entitled to certain preferences in bidding for any channel block, including deferred payment of the bid price. Tax credits should be given to any entity that sells spectrum to a designated entity.
- Consortia eligible for preferences must be under the

control of individuals and/or entities that are individually eligible for the preference.

- Transfers of licenses from one designated entity to another should not be restricted.

By adopting these measures, the FCC will encourage and facilitate the participation of rural telecommunication service providers who have demonstrated commitment to rural areas. Participation by rural providers will serve the public interest by ensuring that areas will be served even though they may not be considered "cream markets" by potential licensees bidding for a larger service area that encompasses less lucrative rural markets. Additionally, participation by rural telecommunications companies would produce new job opportunities and an expanded infrastructure in rural areas.

I am requesting that you adopt measures that will ensure the participation of rural telecommunications providers and other small entrepreneurs. The success of businesses in rural areas in building wireless networks in the past four years indicates that their inclusion in the spectrum auction will benefit the American economy and the American public. Open entry to the telecommunications market for all interested players increases competition, provides tremendous opportunity and serves the public interest.

I welcome the opportunity to further discuss this matter with you and your staff.

Sincerely,

cc: Commissioner James H. Quello  
Commissioner Andrew C. Barrett  
Commissioner Ervin S. Duggan  
Tom Stanley, Chief Engineer, Office of Engineering & Technology  
Robert Pepper, Chief, Office of Plans and Policy  
John Winston, Director, Small Business Activities Office  
Office of the Secretary of the FCC (2 copies)

Phil Gramm  
Texas

United States Senate

MEMORANDUM

Date: 1-27-94

Federal Communications Commission  
Office of Congressional Affairs  
1919 "M" Street, NW  
Washington, D.C. 20554

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2323 Bryan Street, #1500  
Dallas, Texas 75201

Attn: Christy Thompson

*[Handwritten signatures and initials]*  
DCT  
JTB  
OPP  
Austrian  
418



Phil Gramm  
Texas

United States Senate

MEMORANDUM

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[REDACTED] nm  
[REDACTED] 30  
[REDACTED]  
[REDACTED]

*[Handwritten signatures and initials]*  
OPP  
Alston  
418



P.O. Box 1206  
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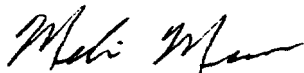
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January 25, 1994

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